AMIGOS EN CRISTO, INC.

FINANCIAL STATEMENTS

YEAR ENDED
DECEMBER 31, 2013

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DEES & DEES
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Amigos en Cristo, Inc.
Bonita Springs, Florida

We have audited the accompanying financial statement of **Amigos en Cristo, Inc.**, (AEC), a non-profit organization, which comprise of the statement of financial position as of **December 31, 2013**, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. According, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

<u>Opinion</u>

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Amigos en Cristo, Inc.** as of **December 31, 2013**, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Dees & Dees

DEES & DEES, C.P.A.'s, P.A.
Port Charlotte, Florida
July 9, 2014

AMIGOS EN CRISTO, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS		
Current Assets:		
Cash, including restricted cash of $28,269		$ 74,985
Accounts Receivable, net of Allowance for Doubtful Accts.		20,848
Prepaid Expenses		8,486
	Total Current Assets	104,319
Fixed Assets:		
Land		170,000
Building & Equipment		421,590
Less: Accumulated Depreciation		(72,559)
	Total Fixed Assets	519,031
TOTAL ASSETS		623,350
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable		8,898
Accrued Compensated Absences		13,126
LCEF Mortgage		250,810
	Total Current Liabilities	272,834
Net Assets:		
Unrestricted		322,248
Temporarily Restricted		28,269
	Total Net Assets	350,517
TOTAL LIABILITIES AND NET ASSETS		$ 623,350

The Accompanying notes are an integral part of this Statement

AMIGOS EN CRISTO, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Campaign Income	$ 121,202	$ 14,000	$ 135,202
Church Related Organizations	79,339	1,748	81,087
Client Contributions	116,238	-	116,238
Grants	45,000	16,500	61,500
In-Kind Donations	220,896	-	220,896
Rental Income	14,650	-	14,650
Miscellaneous	26,818	-	26,818
TOTAL REVENUES AND SUPPORT	624,143	32,248	656,391
NET ASSETS RELEASED FROM RESTRICTIONS	8,226	(8,226)	-
TOTAL SUPPORT: REVENUES AND RELEASED FROM RESTRICTION	632,369	24,022	656,391
EXPENSES			
Program Services	601,920	-	601,920
Supporting Services	87,915	-	87,915
TOTAL EXPENSES	689,835	-	689,835
CHANGE IN NET ASSETS	(57,466)	24,022	(33,444)
NET ASSETS, AT BEGINNING OF YEAR, AS ADJUSTED	379,714	4,247	383,961
NET ASSETS, AT END OF YEAR	$ 322,248	$ 28,269	$ 350,517

The Accompanying notes are an integral part of this Statement

AMIGOS EN CRISTO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

	Program Expenses					
	Immigration	Immokalee	Church	Other	Supporting Mgmt & Gen. Expenses	Total
Bad Debts	-	-	-	-	5,595	5,595
Benefits	45,461	2,984	18,067	787	5,814	73,113
Church Expenses	-	400	23,175	-	-	23,575
Continue Ed./Conferences	450	-	11,196	-	-	11,646
Contract Labor	-	-	-	-	4,277	4,277
Fundraising Expenses	-	-	-	-	9,135	9,135
Housing	3,284	3,284	31,320	1,642	8,210	47,739
Humanitarian Expenses	-	888	1,734	-	-	2,621
In Kind Expenses	16,982	182,316	3,360	8,158	10,080	220,896
Insurance	1,759	1,132	899	86	910	4,786
Interest & Fees	-	12,925	-	-	1,858	14,783
Maintenance	1,331	6,383	314	-	160	8,188
Miscellaneous Expenses	-	-	-	-	101	101
Office Supplies	3,336	795	109	-	3,224	7,464
Payroll Taxes	7,381	2,092	2,347	-	315	12,134
Postage	384	-	27	-	839	1,250
Printing, Publicity, PR	802	69	69	-	2,429	3,369
Professional Fees	1,785	188	-	-	1,150	3,123
Program Materials	495	892	2,713	-	-	4,100
Telephone	2,703	2,401	2,404	45	768	8,321
Transportation	736	5,230	9,147	180	1,270	16,563
Travel & Hospitality	692	40	2,487	-	225	3,444
Utilities	-	9,465	-	-	-	9,465
Wages and Salaries	96,421	29,537	35,540	1,095	18,924	181,515
	184,000	261,021	144,906	11,993	75,284	677,204
Depreciation Expense	-	-	-	-	12,631	12,631
	$ 184,000	$ 261,021	$ 144,906	$ 11,993	$ 87,915	$ 689,836

The Accompanying notes are an integral part of this Statement

AMIGOS EN CRISTO, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS		$ (33,444)
Adjustments to Reconcile change in net Assets to		
Net cash Used in Operating Activities:		
Depreciation	12,631	
Decrease in Receivables	2,481	
Increase in Allowance for Doubtful Accounts	745	
Increase Prepaid Expenses	(8,486)	
Increase in Accounts Payable	7,739	
Increase Accrued Compensated Absences	13,126	
Decrease in Payroll Liabilities	(443)	
Total Adjustments		27,793
NET CASH USED IN OPERATING ACTIVITIES		(5,651.31)
CASH FLOWS FROM INVESTING ACTIVITIES		
Building Improvements	(13,448)	
Sale of Van	2,100	
Decrease Accum. Depr. - Sale of Van	(1,116)	
NET CASH USED IN INVESTING ACTIVITIES		(12,464)
CASH FLOWS FROM FINANCING ACTIVITIES		
Prior Period Adjustment	691	
NET CASH PROVIDED BY FINANCING ACTIVITIES		691
CHANGE IN CASH		(17,424)
CASH AT BEGINNING OF YEAR		92,410
CASH AT END OF YEAR		$ 74,985

The Accompanying notes are an integral part of this Statement

AMIGOS EN CRISTO, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Amigos en Cristo, Inc. (the "Organization"), is a not-for-profit entity established under the laws of Florida, on April 12, 2000, and has administrative offices in Ft. Myers, Florida. The organization provides low-cost immigration, social, and spiritual services to immigrants arriving to Southwest Florida. Its mission states: "Amigos en Cristo's mission is to help immigrants to an abundant life in SW Florida (SWFL) and into eternity. In addition to word and sacrament ministry, we provide the immigrants the tools to successfully assimilate into the USA by providing legal immigration services and other humanitarian social services".

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The accounting and reporting policies of AEC are in accordance with the accounting standards issued by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

Recognition of Contributions

Grant revenues are reported as income when performance occurs under the terms of the grant agreement. Promises to give ("pledges") are recorded when pledged with a light commitment; however, contributions are recognized when the donor makes a promise to give, as an accounts receivable. At year end, a corresponding allowance for doubtful accounts is established as a contra account to the accounts receivable; pledges are written off against this allowance, or to bad debt expense, as AEC is made aware of the inability to fulfill the pledge.

Statement of Cash Flows

For purposes of reporting cash flows, AEC considers only highly liquid investments held for operations and purchased with an original maturity of three months or less to be cash equivalents.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in restricted net assets, temporarily, or permanently, if such restriction is imposed, depending on the nature of the restriction. When a donor restriction expires, or when the purpose of the restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Should the Organization not be able to comply with donor stipulations, the amounts would have to be returned to the donor.

Property and Equipment

Property and Equipment is recorded at cost, or if donated, at fair market value on the date of donation for items with a cost or donated fair value of $1,000, or more. Depreciation is recorded using straight-line method over the estimated useful life of any building and building improvements, using 39 and 15 year useful lives. Equipment is depreciated using 200DB with half year convention on new assets, using useful lives of between 3 to 7 years, as appropriate.

In-kind Contributions of Goods and Services

Contributed goods and services are reflected at estimated fair market value at the date the services were performed, or the goods donated. A corresponding administrative expense is also recorded. In accordance with ASC 958-605-25-16, contributions of services recognized as revenues if the services received (1) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were $220,896 such contributed goods and services during the year ended December 31, 2013. Food was donated from the Harry Chapin Food Bank in Ft. Myers, Florida, estimated with a FMV by Harry Chapin Food Bank in the amount of $179,916. Office space was also donated with a FMV of $40,980. No amounts have been recorded for donated services in as much as no objective basis is available to measure the value of such service, and/or such volunteer hours do not meet the criteria required to record such amounts under the Not-For-Profit Entities Topic of the FASB ASC.

Impairment of Long-Lived Assets

AEC adheres to the Property, Plant and Equipment Topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable. This topic had no effect on the financial statements of AEC since no assets were considered to be impaired as of December 31, 2013.

Fair Value of Financial Instruments

The FASB ASC Topic "Financial Instruments" clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurements of fair value more consistent and comparable.

AEC financial statements includes cash and cash equivalents, receivables, prepaid expenses, fixed assets, payables and accrued liabilities. AEC estimates that the fair value of these financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Functional Expenses

AEC allocates its expenses on a functional basis among its programs and supporting services (Administrative and Fundraising). Expenses that can be identified with a specific program service are allocated directly to the appropriate program. Non-direct expenses are allocated using a reasonable method determined by management.

Income Taxes

No provision for income tax expense has been made in the accompanying financial statements since AEC is exempt from income taxes under Section 503 c (3) of the Internal Revenue Code. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. AEC reports no unrelated business income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities. AEC files Form 990, Return of Organization Exempt from Income Tax, for the tax year(s) up to and including year-end December 31, 2013, and are subject to examination by the IRS, generally for three years after they were filed.

Accounting for Uncertainty in Income Tax Items

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and AEC has adopted this guidance. AEC has evaluated its tax positions, and any estimates utilized in its tax returns, and concluded that is has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Employees of the Organization are entitled to be paid for unused vacation days, depending on job classification, length of service and other factors. Any unused vacation is forfeited at the end of each calendar year, but employees who terminate their employment during the year are entitled to receive payment for any unused annual vacation at the date of termination. The organization accrued a liability for vacation at fiscal year-end 2013 in the amount of $13,126.

NOTE B – PROPERTY AND EQUIPMENT

Property and Equipment at December 31, 2013 consists of the following:

Land	$170,000
Buildings	410,493
Equipment	11,097
	591,590
Accumulated Depreciation	(72,559)
Total net of Depreciation	$519,031

NOTE C – RETIREMENT/INSURANCE PLAN

The organization participates in the benefit plan of the Church. The Plan provides retirement and insurance benefits and covers substantially all full time employees. For employees who work more than 20 hours per week AEC provides (1) Concordia Disability and Supplemental Plan (2.25% of salary and housing) in the amount of $4,147 for 2013; Retirement Plan (8.7% of salary and housing) in the amount of $16,036 for 2013; Accidental Insurance Program ($38 annually for full-time [over 30 hours per week] and $19 for part-time [more than 20 hours/week and less than 31 hours])) in the amount of $326.

Health Insurance benefits were also provided to these employees in the amount of $39,478, through the Concordia Health Plan "E".

NOTE D – RESTRICTION OF NET ASSETS

Temporarily restricted net assets are available for:

Parish Nurse Ministry	$ 509
PEM 3	208
Bus/Van	486
Ihle & Thrivent	20,000
2014 Video	500
Language Program	6,566
	$ 28,269

NOTE E – NOTE PAYABLE – LCEF

The organization has a note payable with the Lutheran Church Extension Fund – Missouri Synod (LCEF) dated October 16, 2006 and modified on October 16, 2011, in the amount of $250,810. The note calls for 35 monthly interest only payments at an interest rate based on LCEF's Costs of Funds plus up to 3% and adjusted annually on the anniversary date of the modification. The current interest rate at December 31, 2013 was 5.25%. The note has a maturity/Balloon date of October 16, 2014. The note is secured by the church building.

The organization has the intent to refinance the loan at the maturity date of October 16, 2014. Subsequent to the financial statement date, the organization has begun the application process with LCEF to refinance the note on a long-term basis.

NOTE F – EVALUATION OF SUBSEQUENT EVENTS

Management has assessed subsequent events through July 9, 2014, the date on which the financial statements were available to be issued, and has determined no events have occurred that would require additional disclosure.

NOTE G – PRIOR PERIOD ADJUSTMENTS

An adjustment for prior period was made to remove payroll related liabilities that are from prior year(s) that have been deemed invalid by management. This adjustment has been made in the current year, and is reflected in the beginning balance of unrestricted net assets. Total adjustment is for $691.